United Nations A/62/587

General Assembly

Distr.: General
16 December 2007

Original: English

Sixty-second session
Agenda item 128
Proposed programme budget for the biennium 2008-2009

Revised estimates: effect of changes in rates of exchange and inflation

Report of the Secretary-General

Summary

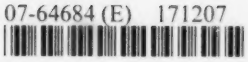
In accordance with established practice, the proposed programme budget is recosted prior to its adoption by the General Assembly. A preliminary recosting is reflected in the budget proposals of the Secretary-General issued earlier in 2007.[a]

The present report provides the latest data on actual inflation experience, the outcome of salary surveys, the movement of post-adjustment indices in 2007 and the effect of the evolution of operational rates of exchange in 2007 on the proposed programme budget for the biennium 2008-2009.

After recosting, the resources under the expenditure sections would amount to $4,428.7 million and estimates of income would amount to $519.8 million if the recommendations of the Advisory Committee on Administrative and Budgetary Questions were applied to the proposals of the Secretary-General.

[a] A/62/6 (Introduction) and Corr.1, (Sects. 1-3), (Sect. 4), (Sect. 4) and Corr.1, (Sects. 5-7), (Sect. 8) and Corr.1, (Sects. 9-11), (Sect. 12) and Corr.1, (Sect. 13) and Add.1, (Sects. 14-18), (Sect. 19) and Corr.1, (Sects. 20-22), (Sect. 23) and Corr.1, (Sect. 24) and Corr.1, (Sects. 25-27), (Sect. 28), (Sect. 28A) and Corr.1, (Sect. 28B) and Corr.1, (Sect. 28C) and Corr.1, (Sect. 28D), (Sect. 28E) and Corr.1 and 2, (Sects. 28F and G), (Sect. 29) and Corr.1, (Sects. 20-35) and (Income sects. 1-3).

07-64684 (E) 171207



1. In accordance with established practice, the proposed programme budget is normally presented at the same price levels and rates of exchange as the current programme budget. At the same time, the proposed programme budget contains provisions for anticipated increases owing to inflation. These are isolated and are presented separately in the column entitled "recosting" in the budget tables. The programme budget is subsequently recosted three times in the biennial cycle, as follows:

(a) The first such recosting is contained in the present report, which is submitted to the General Assembly for the purpose of updating the resource requirements in the proposed programme budget before an initial appropriation is approved;

(b) The second recosting is reflected in the revised estimates included in the first performance report on the programme budget, submitted by the Secretary-General at the end of the first year of the biennium in connection with approval of a revised appropriation;

(c) The third recosting is included in the second performance report, submitted at the end of the second year of the biennium, in connection with approval of the final appropriation.

2. Within that framework, and as foreseen in the introduction to the budget for the biennium 2008-2009 (A/62/6 (Introduction), para. 10), the budget estimates are recosted to take into account changes in operational rates of exchange, actual inflation experience, the outcome of salary surveys and the movement of post-adjustment indices. Bearing in mind the view of the Advisory Committee on Administrative and Budgetary Questions that the Administration should use such operational rates of exchange in recosting exercises as would allow for the lowest estimates (A/51/7/Add.1-9, document A/51/7/Add.6, para 5), the present report provides updated information as at December 2007. The recosting in the present report is based on the initial budget proposals of the Secretary-General, amended in accordance with the recommendations of the Advisory Committee. Other elements, including revised cost estimates and statements of programme budget implications, may later be the subject of a separate recosting exercise using the same parameters as are applied in the present report.

3. The present recosting is based on the initial budget proposals of the Secretary-General, amended in accordance with the recommendations of the Advisory Committee on Administrative and Budgetary Questions. Those recommendations, amounting to reductions totalling $12,338,400 for expenditure sections, are provided in the Advisory Committee's reports on the proposed programme budget for the biennium 2008-2009 (A/62/7 and A/62/7/Add.10).

4. While the General Assembly has yet to take action on the recommendations of the Advisory Committee, the recommendations have been taken into account to the extent that they can be specifically costed. This allows Member States to have a more comprehensive picture of the overall level of estimates when determining the appropriation for the biennium 2008-2009. Nevertheless, the inclusion of the effect of applying the recommendations of the Advisory Committee is provided without prejudice to decisions yet to be made on those recommendations.

5. Table 1 provides a summary of the results of the recosting based on parameters described below.

Table 1
Summary of recosting of the proposed programme budget for the biennium 2008-2009 (expenditure sections)
(Thousands of United States dollars)

			Recosting			
Proposed programme budget[a] *(1)*	*Adjustments recommended by the Advisory Committee*[b] *(2)*	*Proposed programme budget plus the Advisory Committee adjustments (3)=(1+2)*	*Exchange rate (4)*	*Inflation (5)*	*Total (6)=(4+5)*	*Estimated appropriation (7)=(3+6)*
4 397 362.3	(12 338.4)	4 385 023.9	83 314.8	(39 618.2)	43 696.6	4 428 720.5

[a] Includes United Nations share of budget proposals for the International Trade Centre UNCTAD/WTO (ITC) contained in A/62/6(Sect. 13/Add.1).
[b] Includes the impact of recommendations of the Advisory Committee on Administrative and Budgetary Questions contained in its report on budget proposals for ITC (A/62/7/Add.10). See paragraph 4 above.

6. The proposed revised recosting factors to be applied for this first recosting in the biennial cycle, compared with the assumptions applied in the preliminary recosting included in the proposed programme budget for the biennium 2008-2009, are set out in the following schedules:

Schedule 1. Rates of exchange relative to the United States dollar and annual rates of inflation by duty station

Schedule 2. Post-adjustment multipliers by duty station

Schedule 3. Annual cost-of-living adjustments by duty station (General Service)

Schedule 4. Effects of recosting by budget section and main determining factor.

7. As a result of the application of the revised parameters, requirements for the biennium 2008-2009 reflect a net overall increase of $43.7 million, comprising an increase of $83.3 million for exchange rate fluctuations and a decrease of $39.6 million for inflation.

8. The estimated additional requirement of $83.3 million in respect of exchange rate fluctuations reflects the significant weakening of the United States dollar against a number of currencies. In the present recosting, the average actual rates of exchange from January to December 2007 have been used as the basis for recosting for all duty stations, with the exception of Addis Ababa, Beirut, Mexico City and Port of Spain, for which using the latest United Nations operational rates of exchange (those in effect as at December 2007) yields the lowest estimates. The net increased requirements of $83.3 million relate to exchange rate fluctuations in respect of the Swiss franc ($40.6 million), the euro ($17.7 million), the Thai baht ($10.7 million), the shekel ($9.2 million), the Kenyan shilling ($7.6 million) and other currencies ($2 million), partially offset by decreased requirements in respect of the Ethiopian birr ($4.4 million) and other currencies ($0.1 million).

9. With respect to inflation, consideration is given, as necessary, to a series of factors, including analysis of the movement of the consumer price index at the different duty stations for goods and services and probable increases in the salaries of General Service staff as a result of the movement of consumer price indices and

the outcome of comprehensive salary surveys. In the case of the salaries of Professional staff, while base salaries are not affected by exchange rates, as they are denominated in United States dollars, the post-adjustment component moves in response to changes in both cost of living and exchange rates. With regard to Professional staff costs, necessary adjustments are triggered by movements in post-adjustment multipliers approved by the International Civil Service Commission. As for General Service salary and non-post requirements, changes are attributable to cost-of-living adjustments and movements in rates of inflation, respectively, relative to those originally estimated. It should be noted in this regard that realized levels of inflation in 2007 directly affect price and salary levels for the forthcoming biennium, so lower-than-anticipated 2007 increases reflect decreased requirements for the biennium 2008-2009. Accordingly, the changes resulting from inflation comprise three elements, namely, post-adjustment movements for Professional staff, salary adjustments for General Service staff and adjustments to non-post estimates.

10. The estimated decrease in requirements of $39.6 million due to inflation reflect lower requirements in respect of Professional salaries ($14.0 million), General Service salaries ($15.9 million), staff assessment ($0.5 million) and non-post objects of expenditure ($9.2 million). Reduced requirements for non-post objects due to inflation are largely the result of a number of adjustments in rates, including downward revisions for New York ($13.5 million), Geneva ($1.6 million) and other duty stations ($2.3 million), partially offset by upward adjustments for Addis Ababa ($6.2 million) and other duty stations ($2 million).

11. Schedule 4 contains a detailed listing, by budget section and main determining factor, of the revised estimates for the biennium 2008-2009 resulting from the recosting of the resource requirements of the expenditure sections in the proposed programme budget, including the adjustments related to the recommendations of the Advisory Committee, using the parameters contained in the present report.

12. The foregoing budget parameters are also proposed to be applied to the income sections. The revised estimates for the income sections are summarized in table 2.

Table 2

Revised estimates for income sections 1 to 3 of the proposed programme budget for the biennium 2008-2009

(Thousands of United States dollars)

Income section	*Proposed programme budget (1)*	*Adjustments recommended by the Advisory Committee[a] (2)*	*Proposed programme budget plus the Advisory Committee adjustments (3)=(1+2)*	*Increase/ (decrease)*	*Revised estimates*
1. Income from staff assessment	466 273.5	(1 052.7)	465 220.8	5 397.3	470 618.1
2. General income	47 934.7	—	47 934.7	12.2	47 946.9
3. Services to the public	1 132.1	69.3	1 201.4	82.8	1 284.2
Total	**515 340.3**	**(983.4)**	**514 356.9**	**5 492.3**	**519 849.2**

[a] See paragraph 4 above.

Schedules

Schedule 1
Rates of exchange relative to the United States dollar and annual rates of inflation by duty station

	Rates of exchange, 2008-2009		*Rates of inflation applicable to non-post objects of expenditure*					
			Proposed programme budget			*Present report*		
Duty station/office (currency)	*Proposed programme budget*	*Present report*[a]	*2007*[b]	*2008-2009*[c]	*2006*[d]	*2007*[d]	*2008*[c]	*2009*[c]
Vienna (euro)	0.804	0.733	1.8	1.8	1.4	1.9	2.0	1.9
Santiago (Chilean peso)	525.750	520.750	3.0	3.0	3.4	3.9	4.3	3.1
Addis Ababa (Ethiopian birr)	8.700	9.040	8.0	8.0	13.5	15.9	14.0	10.4
United Nations Military Observer Group in India and Pakistan (rupee)	45.413	41.553	4.9	4.9	6.2	5.9	6.1	5.6
Beirut (Lebanese pound)	1 512.000	1 510.000	3.0	3.0	4.0	5.6	4.0	3.5
Gaza (shekel)[e]	4.472	4.110	2.0	2.0	2.1	0.4	2.1	2.3
Nairobi (Kenyan shilling)	72.743	66.888	8.0	8.0	14.5	9.3	7.4	6.5
Mexico City (Mexican peso)	10.904	10.980	3.8	3.8	3.6	3.9	3.8	3.4
The Hague (euro)	0.804	0.733	1.6	1.6	1.1	1.8	2.0	2.0
Bangkok (baht)	38.378	34.443	3.4	3.4	4.6	2.0	2.1	2.1
Port of Spain (Trinidad and Tobago dollar)	6.300	6.320	5.0	5.0	8.3	8.0	6.5	6.2
New York (United States dollar)	1.000	1.000	3.2	3.2	3.2	2.7	2.1	2.2
Geneva (Swiss franc)	1.262	1.200	1.4	1.4	1.1	0.6	1.3	1.7
United Nations information centres[f]	1.000	1.000	3.2	3.2	3.2	2.7	2.1	2.2

[a] Based on 2007 average actual rates. The December 2007 rate of exchange was used for Addis Ababa, Beirut, Mexico City and Port of Spain.
[b] Revised 2006-2007 appropriations.
[c] Projected.
[d] Final 2006-2007 estimates.
[e] Includes the United Nations Relief and Works Agency for Palestine Refugees in the Near East and the United Nations Truce Supervision Organization.
[f] Combined effect of inflation and exchange rate changes.

Schedule 2
Post-adjustment multipliers by duty station

	Programme budget			*Present report*[a]			
Duty station/office	*2007*[b]	*2008*	*2009*	*2006*[c]	*2007*[c]	*2008*	*2009*
Vienna	49.0	54.9	56.9	51.2	58.1	59.6	61.0
Santiago	38.3	40.8	43.1	40.3	40.0	43.2	45.9
Addis Ababa	44.2	48.6	52.3	44.5	42.6	42.8	48.0
United Nations Military Observer Group in India and Pakistan	30.1	35.4	39.0	30.7	33.5	36.4	40.2
Beirut	43.4	46.4	49.0	46.1	43.3	40.2	42. 9
Gaza[d]	31.9	37.0	38.6	36.0	36.8	38.4	40.1
Nairobi	29.0	37.4	43.0	32.7	34.1	38.0	42.7
Mexico	37.2	41.3	44.2	39.5	38.8	41.3	44.3
The Hague	44.2	52.1	54.0	47.8	55.3	55.8	57.6
Bangkok	28.9	36.2	38.7	31.3	35.2	38.8	40.7
Port of Spain	37.2	41.9	43.8	38.5	39.7	43.3	48.4
New York	61.3	65.6	69.2	64.9	61.6	63.1	66.5
Security field offices	31.7	35.9	40.3	36.6	33.0	40.9	44.0
Geneva	61.3	67.0	68.9	67.2	67.8	68.0	69.7
United Nations information centres	38.2	42.6	47.2	43.1	39.7	44.8	48.0

[a] Takes into account no-loss/no-gain consolidation between post-adjustment multipliers and base/floor salary scale and associated staff assessment scale for the Professional and higher categories in accordance with recommendations of the International Civil Service Commission (A/62/30).

[b] Revised 2006-2007 appropriations.

[c] Final 2006-2007 estimates.

[d] Includes the United Nations Relief and Works Agency for Palestine Refugees in the Near East and the United Nations Truce Supervision Organization.

Schedule 3

Annual cost-of-living adjustments by duty station (General Service)

(Percentage)

	Proposed programme budget		*Present report*		
Duty station/office	*2007*[a]	*2008-2009*[b]	*2007*[c]	*2008*[b]	*2009*[b]
Vienna	1.8	1.8	1.9	2.0	1.9
Santiago	3.0	3.0	4.1	4.3	3.1
Addis Ababa	8.0	8.0	4.6	14.0	10.4
United Nations Military Observer Group in India and Pakistan	4.9	4.9	4.7	6.1	5.6
Beirut	3.0	3.0	2.8	4.0	3.5
Gaza[d]	2.0	2.0	2.5	2.1	2.3
Nairobi	8.0	8.0	4.6	7.4	6.5
Mexico	3.8	3.8	3.9	3.8	3.4
The Hague	1.6	1.6	2.3	2.0	2.0
Bangkok	3.4	3.4	5.8	2.1	2.1
Port of Spain	5.0	5.0	14.2	6.5	6.2
New York	3.2	3.2	2.2	2.1	2.2
Security field offices	3.2	3.2	2.2	2.1	2.2
Geneva	1.4	1.4	—	1.3	1.7
United Nations information centres	3.2	3.2	2.2	2.1	2.2

[a] Revised 2006-2007 appropriations.

[b] Projected.

[c] Actual figures.

[d] Includes the United Nations Relief and Works Agency for Palestine Refugees in the Near East and the United Nations Truce Supervision Organization.

Schedule IV

Effects of recosting by budget section and main determining factor

(Thousands of United States dollars)

Budget section	*Proposed programme budget (1)*	*Adjustments recommended by the Advisory Committee (2)*	*Proposed programme budget plus the Advisory Committee adjustments (3)=(1+2)*	*Recosting*			*Estimated appropriation (7)=(3+6)*
				Exchange rate (4)	*Inflation (5)*	*Total (6)=(4+5)*	
1. Overall policymaking direction and coordination	77 434.1	—	77 434.1	509.6	(1 172.4)	(662.8)	76 771.3
2. General Assembly and Economic and Social Council affairs and conference management	620 822.4	(218.3)	620 604.1	15 241.6	(8 413.8)	6 827.8	627 431.9
3. Political affairs	697 000.6	—	697 000.6	1 541.3	(915.7)	625.6	697 626.2
4. Disarmament	21 708.1	—	21 708.1	150.3	(177.5)	(27.2)	21 680.9
5. Peacekeeping operations	101 535.1	—	101 535.1	5 315.9	(2 207.0)	3 108.9	104 644.0
6. Peaceful uses of outer space	6 581.2	—	6 581.2	573.1	(189.0)	384.1	6 965.3
7. International Court of Justice	40 220.2	(759.9)	39 460.3	2 795.3	(424.8)	2 370.5	41 830.8
8. Legal affairs	44 839.1	—	44 839.1	581.6	(447.4)	134.2	44 973.3
9. Economic and social affairs	162 353.9	—	162 353.9	—	(906.5)	(906.5)	161 447.4
10. Least developed countries, landlocked developing countries and small island developing States	5 569.6	—	5 569.6	—	(17.5)	(17.5)	5 552.1
11. United Nations support for the New Partnership for Africa's Development	11 852.9	—	11 852.9	(52.6)	(0.7)	(53.3)	11 799.6
12. Trade and development	122 405.3	—	122 405.3	5 908.6	(2 200.4)	3 708.2	126 113.5
13. International Trade Centre UNCTAD/WTO[a]	28 771.8	(132.0)	28 639.8	—	—	—	28 639.8
14. Environment	13 658.8	—	13 658.8	956.0	(571.6)	384.4	14 043.2
15. Human settlements	20 387.9	(29.1)	20 358.8	1 451.2	(901.1)	550.1	20 908.9
16. International drug control, crime and terrorism prevention and criminal justice	35 500.2	(47.1)	35 453.1	3 045.0	(981.6)	2 063.4	37 516.5
17. Economic and social development in Africa	119 475.0	25.7	119 500.7	(3 536.3)	6 042.0	2 505.7	122 006.4
18. Economic and social development in Asia and the Pacific	81 193.9	—	81 193.9	8 456.4	(4 258.1)	4 198.3	85 392.2
19. Economic development in Europe	59 606.3	—	59 606.3	2 903.3	(1 523.9)	1 379.4	60 985.7
20. Economic and social development in Latin America and the Caribbean	103 507.3	—	103 507.3	573.1	2 218.6	2 791.7	106 299.0

Budget section	Proposed programme budget (1)	Adjustments recommended by the Advisory Committee (2)	Proposed programme budget plus the Advisory Committee adjustments (3)=(1+2)	Recosting			Estimated appropriation (7)=(3+6)
				Exchange rate (4)	Inflation (5)	Total (6)=(4+5)	
21. Economic and social development in Western Asia	59 759.0	—	59 759.0	76.6	(672.6)	(596.0)	59 163.0
22. Regular programme of technical cooperation	50 250.5	—	50 250.5	592.6	1 025.0	1 617.6	51 868.1
23. Human rights	112 835.4	(598.5)	112 236.9	4 468.8	(2 440.3)	2 028.5	114 265.4
24. Protection of and assistance to refugees	71 511.3	—	71 511.3	3 591.7	(547.0)	3 044.7	74 556.0
25. Palestine refugees	39 428.6	—	39 428.6	3 196.5	(2 081.4)	1 115.1	40 543.7
26. Humanitarian assistance	28 908.6	—	28 908.6	439.2	(254.7)	184.5	29 093.1
27. Public information	189 901.1	—	189 901.1	600.2	(1 852.7)	(1 252.5)	188 648.6
28A. Office of the Under-Secretary-General for Management	13 830.0	1 225.3	15 055.3	—	(99.0)	(99.0)	14 956.3
28B. Office of Programme Planning, Budget and Accounts	40 519.5	(202.3)	40 317.2	—	(367.9)	(367.9)	39 949.3
28C. Office of Human Resources Management	76 629.3	(3 473.4)	73 155.9	—	(1 058.4)	(1 058.4)	72 097.5
28D. Office of Central Support Services	264 611.0	—	264 611.0	—	(5 485.6)	(5 485.6)	259 125.4
28E. Administration, Geneva	110 857.7	—	110 857.7	5 478.2	(1 761.6)	3 716.6	114 574.3
28F. Administration, Vienna	36 554.0	—	36 554.0	3 399.3	(99.1)	3 300.2	39 854.2
28G. Administration, Nairobi	27 065.8	—	27 065.8	2 079.5	(779.2)	1 300.3	28 366.1
29. Internal oversight	41 033.1	(5 523.1)	35 510.0	615.3	(465.5)	149.8	35 659.8
30. Jointly financed administrative activities	11 934.7	(16.6)	11 918.1	168.5	(160.3)	8.2	11 926.3
31. Special expenses	100 384.4	(170.8)	100 213.6	980.4	(2 174.1)	(1 193.7)	99 019.9
32. Construction, alteration, improvement and major maintenance	58 862.8	—	58 862.8	1 418.1	(304. 7)	1 113.4	59 976.2
33. Safety and security	209 765.9	(1 365.6)	208 400.3	3 890.0	(2 444.5)	1 445.5	209 845.8
34. Development Account	16 480.9	—	16 480.9	—	—	—	16 480.9
35. Staff assessment	461 815.0	(1 052.7)	460 762.3	5 906.5	(546.2)	5 360.3	466 122.6
Total	**4 397 362.3**	**(12 338.4)**	**4 385 023.9**	**83 314.8**	**(39 618.2)**	**43 696.6**	**4 428 720.5**

[a] The applicable recosting of section 13 is incorporated in the proposed programme budget for the International Trade Centre UNCTAD/WTO (A/62/6/Add.1).